

The foreclosure crisis is a vicious cycle. Due to plummeting home values in recent years, an estimated 14 million homeowners owe more on their homes than their homes are worth; their mortgages are "under water". For a variety of reasons, including predatory lending abuses, exploding adjustable rate mortgage payments, and increasing job losses, homeowners all over the country have tried to refinance their mortgages into lower rates just to make ends meet. But the decreased values of their homes made that impossible. Unable to afford their current mortgage payments, unable to refinance them, and unable to sell the homes due to the depressed housing market, many face foreclosure. – Rush Holt

What began as mild economic slowdown due to the bursting of the housing bubble in 2007 accelerated, as falling home values caused subprime and adjustable rate mortgages to reset, placing millions of Americans in dire financial straits. Rep. Holt believes that an economic recovery strategy must address the housing crisis.

Congress twice has acted to address the mortgage crisis. In July 2008, Congress passed and the President signed the [The American Housing Rescue & Foreclosure Prevention Act, H.R. 3221](#), legislation designed to help families facing foreclosure keep their homes, help other families avoid foreclosures in the future, and help the recovery of communities harmed by empty homes caught in the foreclosure process. Among its provisions, the bill helps a significant number of American families in danger of losing their home refinance into lower-cost government -insured mortgages they can afford to repay – at no cost to the American taxpayer.

In 2009, the House of Representatives, with Rep. Holt's support, passed the [Helping Families Save Their Homes Act](#), which would provide significant incentives to lenders, servicers, and homeowners to work together to modify loans and to avoid foreclosures. In some cases the bill would allow bankruptcy judges to modify the terms of loans for families with existing mortgages. The bill still needs Senate approval.

To encourage home buying, the economic recovery bill provides an \$8,000 tax credit for [first-time home purchases](#) made between January 1 and November 30 2009. The credit phases out for taxpayers with incomes over \$75,000 (\$150,000 for joint filers). Homebuyers qualify for the credit as long as they live in the home for 36 months after the purchase date. Click [here](#)

for detailed information about this credit.

For housing assistance, please click [here](#) for the New Jersey HUD website.

The Obama Administration has introduced a comprehensive Financial Stability Plan to address the key problems at the heart of the current crisis and get our economy back on track. A critical piece of that effort is Making Home Affordable, a plan to stabilize the housing market and help up to 7 to 9 million Americans reduce their monthly mortgage payments to more affordable levels. Click [here](#) to see if you are eligible.

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□ *CRS Report:* [Preserving Homeownership: Foreclosure Prevention Initiatives](#)

Property Tax Relief

Rep. Holt championed an initiative – now law – to create a new property tax relief initiative to allow more than 600,000 New Jersey homeowners (and 30 million nationwide) who do not currently itemize on their federal tax returns to receive a tax deduction of \$500 for single filers and \$1,000 for joint filers. This provision was based on Holt's legislation, the Universal Homeowners' Tax Relief Act of 2007.

The property tax deduction has been extended through 2009, and Rep. Holt is [working to extend it for another five years](#)

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